

Department of Social and Health Services

**DP Code/Title: PL-DE Audit Responses**

**Program Level - 040 Div of Developmental Disab**

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Budget Period: 2003-05    Version: 11    2003-05 Agency Request Budget

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**Recommendation Summary Text:**

This item addresses infrastructure issues identified within the Division of Developmental Disabilities (DDD) during recent audits by the Joint Legislative Audit Review Committee (JLARC), Sterling Associates, and the Center for Medicaid and Medicare Services (CMS). This request also includes funding for the design and development of a case management information system.

**Fiscal Detail:**

**Operating Expenditures**

	<b><u>FY 1</u></b>	<b><u>FY 2</u></b>	<b><u>Total</u></b>
<b>Program 040</b>			
001-1 General Fund - Basic Account-State	753,000	724,000	1,477,000
001-C General Fund - Basic Account-DSHS Medicaid Federa	514,000	495,000	1,009,000
<b>Total Cost</b>	<b>1,267,000</b>	<b>1,219,000</b>	<b>2,486,000</b>

**Staffing**

	<b><u>FY 1</u></b>	<b><u>FY 2</u></b>	<b><u>Annual Avg</u></b>
<b>Program 040 FTEs</b>	<b>5.5</b>	<b>5.5</b>	<b>5.5</b>

**Package Description:**

**Audit Responses:**

In September 2001, JLARC initiated a review of DDD caseload and case management system, and concluded, in a February 2002 Report to the Legislature, that the division could not be relied upon for accurate information. The report cited the lack of effective management controls, identifying a number of ineligible clients receiving services. The report also indicated that the division did not maintain accurate caseload information, that client data and payment data could not be linked, and that accurate estimates of caseload growth and staffing requirements could not be made.

In response to the JLARC report, the Governor's Office directed the department to conduct an external review of DDD. The consulting firm Sterling Associates, was selected and began a management review in late February 2002. The scope of the review was limited to policies, practices, systems, processes, and functions effecting client eligibility determinations, case management costs, and the accuracy of the division's data. The Sterling report was released in May 2002, and included six primary recommendations that the division should implement over time. Additionally, the report identified several improvements that should be made immediately. These included the appointment of a Deputy Director, the appointment of a communications specialist, the development of a new client eligibility procedure, and the development of procedures to improve data accuracy.

In July 2002, the Center for Medicare and Medicaid Services (CMS) released an audit of the division's Home and Community Based Services (HCBS) waiver. In this report, CMS cited the division for deficiencies in the areas of access to services, Medicaid eligibility, HCBS waiver eligibility, needs assessments, plans of care for clients, financial accountability, and fair hearings. According to the CMS report, these deficiencies resulted in ineligible clients receiving services, and resulted in an overpayment of Medicaid funds to the state. CMS has estimated that the amount of funds that the division owes CMS is \$25.7 million.

The division has completed a work plan that addresses the deficiencies identified in these three audits. This plan adds staffing infrastructure in the areas identified as weaknesses, and requests funding to develop and implement a case management information system.

The division has appointed a Deputy Director, and an attorney to meet shortcomings highlighted by the Sterling Associates report. DDD also will add a program manager, data analyst, and half-time support person to enhance meeting waiver compliance issues raised in CMS review.

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Case Management Information System:

The current working environment for case managers requires access to a lot of information. Most of this information exists outside of the case managers surroundings, to get the information, case managers must use multiple non-integrated individual system links, that require a high level of familiarity with a variety of information systems. The potential for error and duplication in this process is high. In many cases, the information exists in paper form only. This can be out of date, inaccurate and cumbersome to use. An improved case management information system will provide the information required by the case managers in an integrated and meaningful manner, which will both reduce errors, duplication, and workload.

The plan is to establish a case management information system that has links to all of the systems required by the case managers. It will combine information and present it in an accurate, meaningful, and helpful way. It will have user roles that can be defined to allow case managers, management, providers, and self/family access to the system, allowing only the information they have permission to access available to them. It can be used to make the information more secure and confidential, allowing only the people entitled to have access to the information.

**Narrative Justification and Impact Statement**

*How contributes to strategic plan:*

This decision package contributes to the DDD strategic plan, DDD will develop information technology that supports, and enables partnerships, and community-based services; allows for integration of services; enhances standardization, and reduces duplication across the division, and, DDD will effectively and efficiently use resources to accomplish the values, principles, and the mission of DDD, while maintaining accountability for public and client safety and authorized resources.

***Performance Measure Detail***

**Program: 040**

**Goal: 06D Effectively/efficiently use resources to accomplish values/principals/ mission**

No measures submitted for package

**Incremental Changes**

**FY 1                      FY 2**

**Goal: 16D Develop IT Supports for a Case Management System**

**Incremental Changes**

**FY 1                      FY 2**

**Output Measures**

D01    Develop a case management system to enhance and support the division's mission.

.5                                      1.0

***Reason for change:***

Audit Responses:

These staffing changes will help DDD better manage resources and bring improved services to clients.

Case Management Information System:

The current case manager system is inadequate to support case management and effective client service delivery.

***Impact on clients and services:***

Audit Responses:

More effective utilization of resources should bring improved services to DDD clients.

Case Management Information System:

This expenditure will increase case manager efficiency, allow case managers to respond to additional workload, and enhance

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services. Clients and advocates, executive management, and labor are expected to support this.

***Impact on other state programs:***

None anticipated.

***Relationship to capital budget:***

None

***Required changes to existing RCW, WAC, contract, or plan:***

None

***Alternatives explored by agency:***

A reallocation of resources from within the division and the department was considered. Funds are currently unavailable to do this.

***Budget impacts in future biennia:***

Audit Responses:

These are continuing staff needs. The impact will continue into future biennia, at second fiscal year levels.

Case Management Information System:

This is development work. Ongoing maintenance will be required for the completed system.

***Distinction between one-time and ongoing costs:***

Audit Responses:

Except for minor equipment expenditures in the first fiscal year, all staffing cost are considered ongoing costs.

Case Management Information System:

These are one-time expenditures.

***Effects of non-funding:***

Audit Responses:

The potential for future unfavorable audits of DDD's performance will remain high.

Case Management Information System:

Case managers will not have accurate, integrated, and timely information required to do their jobs.

***Expenditure Calculations and Assumptions:***

See attachment - DDD PL-DE Audit Responses.xls

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<u>Object Detail</u>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
<b>Program 040 Objects</b>			
A Salaries And Wages	317,000	317,000	634,000
B Employee Benefits	71,000	71,000	142,000
E Goods And Services	846,000	798,000	1,644,000
G Travel	22,000	22,000	44,000
T Intra-Agency Reimbursements	11,000	11,000	22,000
<b>Total Objects</b>	<b>1,267,000</b>	<b>1,219,000</b>	<b>2,486,000</b>

DSHS Source Code Detail

<b>Program 040</b>	<u>FY 1</u>	<u>FY 2</u>	<u>Total</u>
<b>Fund 001-1, General Fund - Basic Account-State</b>			
<u>Sources</u> <u>Title</u>			
0011 General Fund State	753,000	724,000	1,477,000
<i>Total for Fund 001-1</i>	<b>753,000</b>	<b>724,000</b>	<b>1,477,000</b>
<b>Fund 001-C, General Fund - Basic Account-DSHS Medicaid Federa</b>			
<u>Sources</u> <u>Title</u>			
19UL Title XIX Admin (50%)	514,000	495,000	1,009,000
<i>Total for Fund 001-C</i>	<b>514,000</b>	<b>495,000</b>	<b>1,009,000</b>
<b>Total Program 040</b>	<b>1,267,000</b>	<b>1,219,000</b>	<b>2,486,000</b>